

### **304 KAR 1:010. Accounting procedures.**

RELATES TO: KRS 148.021

STATUTORY AUTHORITY: KRS Chapter 13A

NECESSITY, FUNCTION, AND CONFORMITY: In order to control and evaluate the business activities of its various licensees the Department of Parks finds it necessary to prescribe certain accounting procedures to be used by its licensees. This administrative regulation will enable the Department of Parks to evaluate the records and operation of its licensees' businesses.

Section 1. Accounting Records. (1) Prior to commencing business or upon written notice, licensees shall obtain the services of a Certified Public Accountant or a firm of Certified Public Accountants for the purposes of developing an accounting system including a system of internal controls covering all business operations conducted upon the premises covered by the license agreement in order to maintain accurate financial records and books relating to the licensee's operation. The accounting system developed shall meet the specific approval of the Department of Parks. All cash registers, receipt documents, contracts, and other means of supporting a cash or income transaction shall meet the specific approval of the Department of Parks. The licensee shall bear all expenses related to development of an accounting and internal control system including cash registers, receipt forms, and rental contract documents.

(2) The system used to record income must be in sufficient detail to disclose the amount of income derived from each category of business conducted on the premises in order to facilitate compliance with rental consideration provisions under the license agreement. A complete income chart of accounts proposed for use and the rate of rental consideration due from each source shall be submitted as a part of the accounting system study as set out in subsection (1) of this section.

Section 2. Audit of Records. (1) Each licensee shall provide for an annual examination of the statement of assets, liabilities, and capital income and expenses performed by an independent Certified Public Accountant or firm of Certified Public Accountants. The examination must include a review of the system of internal control and the accounting of year-end closing procedures and other supporting evidences necessary for the expression of an opinion on the financial statements. A written memorandum shall be made setting forth the weaknesses, if any be ascertained, in internal control and accounting procedures together with related suggestions for the improvement thereof as noted during the normal review of internal control. A statement shall be made in the audits as to compliance or noncompliance with the provisions of license agreement and all related rules and administrative regulations pertaining thereto.

(2) The audit report and memorandum must include the names of the Commissioner of Parks and the Commissioner of the Executive Department for Finance and Administration in the address.

(3) The audit and review of internal controls shall be performed annually as of the close of business on the day corresponding with the end of the licensees' fiscal year. The audit report and accompanying memorandum must be submitted to the Commissioner of Parks and the Commissioner of the Executive Department for Finance and Administration on or before the 15th day of the fourth month following the close of the licensee's fiscal year.

(4) Included as a part of the audit record required in this section shall be a schedule which sets out the names and addresses of all partners whether silent, active, or limited participating in licensee's business operation authorized by license agreement if licensee is partnership, or the names and addresses of all corporation officers and stockholders, if stock not publicly held, if licensee is incorporated.

(5) The licensee shall file with the Department of Parks a statement setting out the date on which he intends to end his fiscal year.

(6) The licensee shall bear all expenses connected with the audit examinations outlined in this administrative regulation. (PARKS-Rg-3; 1 Ky.R. 755; eff. 5-14-75.)